

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 638 - SB 1240

March 30, 2019

SUMMARY OF BILL: Requires each governing board of a state institution of higher education to perform a cost-benefit analysis for each institution under the governing board's authority. Requires that the cost-benefit analysis show the cost and benefits to the institution of enrolling, retaining, and graduating students from each of the programs offered by the institution compared to the cost and benefits to the students receiving a degree, diploma, or certificate from the institution. Specifies that the cost-benefit analysis performed must assess the number of students graduating from the institution each year who are able to secure employment in the area of the student's degree, diploma, or certificate, and the average length of time that the institution's students were unemployed or underemployed after graduation.

Requires each governing board to utilize existing offices and resources to track students receiving a degree, diploma, or certificate for purposes of conducting a cost-benefit analysis. Requires each governing board to report the results of each cost-benefit analysis performed to the Education Committee of the Senate and the Education Committee of the House of Representatives by October 1 of each year.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures –

\$187,000/One-Time/University of Tennessee
\$1,122,000/One-Time/Locally-Governed Institutions

\$410,800/Recurring/TN Board of Regents
\$279,500/Recurring/University of Tennessee
\$1,202,200/Recurring/Locally-Governed Institutions

Assumptions:

- The legislation specifically requires each governing board to use existing resources to fund any cost resulting from passage of this legislation; however, requiring each governing board to fund the implementation of this legislation utilizing existing resources does not remove the cost associated with implementation because use of existing funding will result in the need for additional resources to fund other currently-budgeted departmental expenditures.

Assumptions Relative to Locally-Governed Institutions:

- An amount estimated to be \$187,000 will be needed for each locally-governed institution (LGI) in order to develop and design a database with questionnaires and analytics that tracks and assesses each student graduating from each institution each year who are able to secure employment in the area of the student's degree, diploma, or certificate, and the average length of time that the institution's students were unemployed or underemployed after graduation.
- There are currently six locally-governed institutions; therefore, the total one-time cost associated with the development and design of new databases is estimated to exceed \$1,122,000 (\$187,000 x 6 institutions).
- In order to comply with the provision in the proposed legislation each LGI will require new positions plus the cost of supplies, system maintenance, and software renewal.
- A total of 9 full-time employees and 12 part-time employees will be required across all 6 LGIs.
- An average operational cost of \$60,000 per institution.
- The recurring increase to state expenditures for LGIs is estimated to exceed \$1,202,154 $\{[(\$50,000 \text{ average salary} + \$14,866 \text{ benefits}) \times 9 \text{ FTE}] + [(\$20,000 \text{ average salary} + \$1,530 \text{ FICA}) \times 12 \text{ PTE}] + (\$60,000 \text{ operational} \times 6 \text{ institutions})\}$.

Assumptions Relative to the University of Tennessee

- A one-time cost of \$187,000 will be required in order to develop and design a database with questionnaires and analytics that track and assess the number of each student graduating from each institution each year who are able to secure employment in the area of the student's degree, diploma, or certificate and the average length of time that the institution's students were unemployed or underemployed after graduation.
- Recurring operational expenditures are estimated to be \$20,000 per year the cost of supplies, system maintenance and software renewal.
- UT will require four full-time positions each with salary and benefits totaling \$64,866 per year.
- The recurring increase in state expenditures for UT is estimated to exceed \$279,464 $[(\$64,866 \times 4 \text{ positions}) + \$20,000]$.

Assumptions Relative to the Tennessee Board of Regents:

- Based on information provided by the Tennessee Board of Regents, the Tennessee Colleges of Applied Technology and the Community Colleges currently track the number of students graduating from the institutions each year who are able to secure employment; however tracking the student employment is not specific to the student area of study.
- A total of 6 full-time employees and 1 part-time employee will be required across all TBR campuses in order to track such information.

- The recurring increase to state expenditures is estimated to exceed \$410,726 {[((\$50,000 average salary + \$14,866 benefits) x 6 FTE) + [(\$20,000 average salary + \$1,530 FICA) x 1 PTE]}.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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